

Message Text

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46

ACTION ARA-20

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08 CEA-02 L-03

H-03 INT-08 RSR-01 /144 W

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P R 241600Z AUG 73

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC PRIORITY 9100

INFO AMCONSUL CALI UNN

AMCONSUL MEDELLIN UNN

C O N F I D E N T I A L BOGOTA 6980

E.O. 11652: GDS

TAGS: EMIN CO

SUBJ: INTERNATIONAL MINING COMPANY

REF: BOGOTA 6945

1 FOLLOWING UP RECENT CONVERSATION WITH FINMIN (BOGOTA 6945), CHARGE AND ECON COUNSELOR DISCUSSED IMC QUESTION WITH MINMINES GERARDO SILVA DURING INFORMAL LUNCH AUG 22.

2. THE MINISTER SAID THAT THE GOC'S POSITION CONTINUED BASICALLY TO BE THAT EXPRESSED IN FORMER MINES MINISTER CAICEIDO'S LETTER TO IMC DATED MARCH 20, 1973. AS DEPT WILL RECALL, LETTERIN ESSENCE PROPOSED THAT THE COMPANY TURN OVER 51 PERCENT INTEREST TO THE COLOMBIAN GOVT IN EXCHANGE FOR NEW CONCESSIONS. IN RESPONSE TO CHARGE'S QUESTION, SILVA SAID THAT GOC EXPROPRIATION BILL RECENTLY SUBMITTED TO THE CONGRESS WAS DESIGNED TO CORRECT A SITUATION OF INJUSTICE AND INEQUITY. HECHARGED
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THAT THE COMPANY HAD BEEN OPERATING IN COLOMBIA FOR

OVER 40 YEARS BUT HAD CONTRIBUTED ALMOST NOTHING TO THE COUNTRY'S ECONOMY. WHILE NOT DENYING THAT THE COMPANY HAD ACTED WITHIN THE FRAMEWORK ESTABLISHED BY COLOMBIAN LAW AND REGULATIONS (ALTHOUGH HE MENTIONED IT WAS GENERALLY BELIEVED THAT IMC HAD ENGAGED IN GOLD SMUGGLING) HE SAID THE COMPANY HAD SHOWN VIRTUALLY NO SOCIAL CONSCIENCE. SILVA THOUGHT THAT IF IMC HAD OVER THE YEARS DEMONSTRATED GREATER INTEREST IN THE WELFARE OF CHOCO INHABITANTS THAT THE PRESENT DIFFICULT SITUATION PROBABLY WOULD NOT HAVE ARISEN.

3. MINISTER REPORTED THAT IMC ATTORNEY FRANCISCO URRUTIA HAD RECENTLY PRESENTED A MEMORANDUM CONTAINING A NEW PROPOSAL FOR SETTLEMENT. SILVA SAID HE HAD NOT YET STUDIED THE PROPOSAL IN DETAIL BUT THAT HE HAD THE IMPRESSION IT CONTAINED TOO MANY CONDITIONS AND WAS STILL TOO FAR FROM THE GOVT POSITION. HE NOTED THAT PROPOSAL COVERED ONLY CHOCO-PACIFICO AND FRONTINO AND THAT ANY AGREEMENT WOULD HAVE TO INCLUDE THE PATO MINE. THE MINISTER CONSIDERED THE FRONTINO UNDERGROUND MINE A SEPARATE QUESTION AND OF MINOR IMPORTANCE AS FAR AS THE GOC WAS CONCERNED. HOWEVER, HE DID THINK THE PROPOSAL REPRESENTED SOME PROGRESS. (WE ARE FURNISHING TO ARA/LA/NC A COPY OF THE MEMO OBTAINED FROM IMC AGENT SWAN.)

4. AT ONE POINT IN THE CONVERSATION SILVA, ALTHOUGH NOT REFERRING TO QUOTE COMPENSATION UNQUOTE, INDICATED THAT THE GOC PROBABLY WOULD BE WILLING TO CONSIDER IMPROVING THE COMPANY POSITION THROUGH SUCH MEANS AS PERMISSION TO REMIT LARGER DIVIDENDS AND GRANTING OF NEW CONCESSIONS. AT HIS OWN INITIATIVE, SILVA SPOKE FAVORABLY OF IMC LAWYER FRANCISCO URRUTIA AND SEEMED SATISFIED WITH HIS CONDUCT.

5. OUR EFFORTS TO DRAW THE MINISTER OUT ON DETAILS OF ARRANGEMENTS THAT MIGHT BE ACCEPTABLE TO THE GOC
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WERE FUTILE. IT WAS CLEAR FROM THE CONVERSATION THAT SILVA AND BY INFERENCE PRESIDENT PASTRANA ARE VERY UNHAPPY WITH WHAT THEY CONSIDER THE COMPANY'S HARD LINE AND ITS ABRUPT REJECTION OF FORMER MINES MINISTER CAICEIDOS ORIGINAL PROPOSAL FOR SETTLEMENT. HIS REMARKS CONFIRMED WHAT FINMIN ECHAVARRIA HAD TOLD US EARLIER REGARDING THEIR ATTITUDES; SILVA EMPHASIZED THE CHANGE THAT HAD OCCURRED BY NOTING

THAT HIS PREDECESSOR HAD TESTIFIED IN THE LAST CONGRESS AGAINST A BILL WHICH WOULD HAVE PERMITTED EXPROPRIATION OF THE MINING COMPANY.

6. AT CONCLUSION OF THE LUNCHEON SILVA SAID THAT AT A LATER STAGE THE EMBASSY MIGHT BE ABLE TO PLAY A USEFUL ROLE IN FACILITATING A SETTLEMENT. HE NOTED THAT AT PRESENT, HOWEVER, THE POSITIONS OF THE GOC AND THE COMPANY WERE TOO FAR APART FOR SUCH ACTION TO BE EFFECTIVE. CHARGE ASSURED MINISTER THAT WE WERE AT HIS DISPOSITION AND ANXIOUS TO HELP IN ANY WAY POSSIBLE.

6. COMMENT: MINISTER SILVA MAY PROVE TO BE A STUMBLING BLOCK TO FRUITFUL NEGOTIATION. HE DOES NOT APPEAR TO BE EITHER INTELLIGENT OR WELL INFORMED AND EXHIBITED NONE OF THE CANDOR AND ASSUREDNESS THAT CHARACTERIZED OUR MTG WITH THE MINISTER OF FINANCE.

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